



General Assembly

January Session, 2005

Raised Bill No. 1203

LCO No. 3869

03869_____PD_

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING COMMUNITY ECONOMIC DEVELOPMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2005*) (a) As used in this section:
- 2 (1) "Small business" means a business entity, including its affiliates,
3 that (A) is independently owned and operated, and (B) employs fewer
4 than fifty full-time employees or has gross annual sales of less than
5 five million dollars; and
- 6 (2) "Targeted investment community" means a municipality which
7 contains an enterprise zone designated pursuant to section 32-70 of the
8 general statutes.
- 9 (b) The Commissioner of Economic and Community Development
10 shall establish a program of financial and technical assistance to small
11 businesses located within targeted investment communities. Grants
12 may be used for job training, marketing, product development and
13 development of new facilities or expansion of existing facilities.
- 14 (c) The commissioner shall adopt regulations, in accordance with
15 the provisions of chapter 54 of the general statutes, to implement the

16 program established by this section.

17 Sec. 2. (NEW) (*Effective July 1, 2005, and applicable to income years*
18 *commencing on or after January 1, 2005*) (a) As used in this section:

19 (1) "Small business" means a business entity, including its affiliates,
20 that (A) is independently owned and operated, and (B) employs fewer
21 than fifty full-time employees or has gross annual sales of less than
22 five million dollars;

23 (2) "Targeted investment community" means a municipality which
24 contains an enterprise zone designated pursuant to section 32-70 of the
25 general statutes; and

26 (3) "Qualifying employee" means during fiscal year 2005, or with
27 respect to the small businesses income year commencing in 2005 or
28 thereafter, any employee who is employed not less than thirty hours
29 per week by the small business and who resides in a targeted
30 investment community.

31 (b) Any small business which desires to hire a qualifying employee
32 in any income year commencing on or after January 1, 2005, may apply
33 to the Commissioner of Economic and Community Development for
34 an allocation of a tax credit in an amount equal to one hundred
35 twenty-five dollars for each full month that such employee is
36 employed by such firm. The application for a tax credit under this
37 subsection shall set forth information said commissioner deems
38 necessary in regulations adopted in accordance with chapter 54 of the
39 general statutes.

40 (c) Applications shall be submitted annually, before such
41 expenditures are made, to the Commissioner of Economic and
42 Community Development on or after July first but not later than
43 December thirty-first. The commissioner shall approve or disapprove
44 each application not later than sixty days of its submission to the
45 commissioner based on (1) the compliance of such application with the

46 provisions of this section, (2) regulations adopted pursuant to this
47 section, and (3) the amount of tax credits remaining in the annual
48 allotment provided in this section for the year involved. The
49 commissioner shall approve applications in the order in which they are
50 received in the commissioner's office between July first and December
51 thirty-first of each year. If the commissioner approves the application
52 of the small business and if the limit for tax credit for that year has not
53 yet been allocated, the commissioner shall allocate and commit an
54 amount of tax credits to such small business. Any small business
55 receiving such an allocation shall, not later than thirty days from the
56 end of its income year, submit a report on the number of full months
57 that qualifying employees were employed by such firm during such
58 year.

59 (d) The credit shall be claimed on the tax return for the income year
60 during which qualifying employees were employed for full months by
61 the small business. Any tax credit not used in the period during which
62 the expenditure was made may be carried forward for the five
63 immediately succeeding income years until the full credit has been
64 allowed.

65 (e) In no event shall the total amount of all tax credits allowed to all
66 small businesses pursuant to the provisions of this section exceed one
67 million dollars in any one fiscal year.

68 (f) No credit under subsection (c) of this section shall be allowed,
69 with respect to wages paid to any qualifying employee, to any small
70 business that has previously been granted a tax credit under this
71 section with respect to wages paid to the same employee.

72 Sec. 3. (NEW) (*Effective July 1, 2005*) (a) As used in this section,
73 "qualified employee" means participants in work training opportunity
74 programs developed and implemented pursuant to section 31-3d of
75 the general statutes, with specific emphasis on persons who are ex-
76 offenders, high school drop outs, noncustodial parents.

77 (b) The Labor Commissioner shall establish a program of grants to
78 businesses, municipalities and nonprofit organizations that employ
79 qualified employees.

80 (c) The commissioner shall adopt regulations, in accordance with
81 the provisions of chapter 54 of the general statutes, to implement the
82 program established by this section.

83 Sec. 4. (NEW) (*Effective July 1, 2005*) (a) As used in this section
84 "municipality" means any town, city or borough, consolidated town
85 and city or consolidated town and borough.

86 (b) Each municipality may, by ordinance adopted by its legislative
87 body, impose a tax of not more than one per cent on the gross receipts
88 subject to taxation pursuant to chapter 219 of the general statutes, of
89 each retail facility located in the municipality. Such ordinance may
90 limit the imposition of such tax to hotels located in the municipality.

91 (c) The Department of Revenue Services shall audit payments to
92 municipalities pursuant to subsection (c) of this section.

93 Sec. 5. Section 12-19a of the general statutes is repealed and the
94 following is substituted in lieu thereof (*Effective October 1, 2005, and*
95 *applicable to assessment years commencing on or after October 1, 2005*):

96 (a) On or before January first, annually, the Secretary of the Office of
97 Policy and Management shall determine the amount due, as a state
98 grant in lieu of taxes, to each town in this state wherein state-owned
99 real property, reservation land held in trust by the state for an Indian
100 tribe or a municipally owned airport, except that which was acquired
101 and used for highways and bridges, but not excepting property
102 acquired and used for highway administration or maintenance
103 purposes, is located. The grant payable to any town under the
104 provisions of this section in the state fiscal year commencing July 1,
105 1999, and each fiscal year thereafter, shall be equal to the total of (1) (A)
106 one hundred per cent of the property taxes which would have been

107 paid with respect to any facility designated by the Commissioner of
108 Correction, on or before August first of each year, to be a correctional
109 facility administered under the auspices of the Department of
110 Correction or a juvenile detention center under direction of the
111 Department of Children and Families that was used for incarcerative
112 purposes during the preceding fiscal year. If a list containing the name
113 and location of such designated facilities and information concerning
114 their use for purposes of incarceration during the preceding fiscal year
115 is not available from the Secretary of the State on the first day of
116 August of any year, said commissioner shall, on said first day of
117 August, certify to the Secretary of the Office of Policy and
118 Management a list containing such information, (B) one hundred per
119 cent of the property taxes which would have been paid with respect to
120 that portion of the John Dempsey Hospital located at The University of
121 Connecticut Health Center in Farmington that is used as a permanent
122 medical ward for prisoners under the custody of the Department of
123 Correction. Nothing in this section shall be construed as designating
124 any portion of The University of Connecticut Health Center John
125 Dempsey Hospital as a correctional facility, and (C) in the state fiscal
126 year commencing July 1, 2001, and each fiscal year thereafter, one
127 hundred per cent of the property taxes which would have been paid
128 on any land designated within the 1983 Settlement boundary and
129 taken into trust by the federal government for the Mashantucket
130 Pequot Tribal Nation on or after June 8, 1999, (2) subject to the
131 provisions of subsection (c) of this section, sixty-five per cent of the
132 property taxes which would have been paid with respect to the
133 buildings and grounds comprising Connecticut Valley Hospital in
134 Middletown. Such grant shall commence with the fiscal year beginning
135 July 1, 2000, and continuing each year thereafter, (3) notwithstanding
136 the provisions of subsections (b) and (c) of this section, with respect to
137 any town in which more than fifty per cent of the property is state-
138 owned real property, one hundred per cent of the property taxes
139 which would have been paid with respect to such state-owned
140 property. Such grant shall commence with the fiscal year beginning

141 July 1, 1997, and continuing each year thereafter, (4) subject to the
142 provisions of subsection (c) of this section, forty-five per cent of the
143 property taxes which would have been paid with respect to all other
144 state-owned real property, and (5) forty-five per cent of the property
145 taxes which would have been paid with respect to all municipally
146 owned airports; except for the exemption applicable to such property,
147 on the assessment list in such town for the assessment date two years
148 prior to the commencement of the state fiscal year in which such grant
149 is payable. The grant provided pursuant to this section for any
150 municipally owned airport shall be paid to any municipality in which
151 the airport is located, except that the grant applicable to Sikorsky
152 Airport shall be paid half to the town of Stratford and half to the city of
153 Bridgeport. For the fiscal year ending June 30, 2000, and in each fiscal
154 year thereafter, the amount of the grant payable to each municipality
155 in accordance with this section shall be reduced proportionately in the
156 event that the total of such grants in such year exceeds the amount
157 appropriated for the purposes of this section with respect to such year.

158 (b) As used in this section "total tax levied" means the total real
159 property tax levy in such town for the fiscal year preceding the fiscal
160 year in which a grant in lieu of taxes under this section is made,
161 reduced by the Secretary of the Office of Policy and Management in an
162 amount equal to all reimbursements certified as payable to such town
163 by the secretary for real property exemptions and credits on the
164 taxable grand list or rate bill of such town for the assessment year that
165 corresponds to that for which the assessed valuation of the state-
166 owned land and buildings has been provided. For purposes of this
167 section and section 12-19b, any real property which is owned by the
168 John Dempsey Hospital Finance Corporation established pursuant to
169 the provisions of sections 10a-250 to 10a-263, inclusive, or by one or
170 more subsidiary corporations established pursuant to subdivision (13)
171 of section 10a-254 and which is free from taxation pursuant to the
172 provisions of subdivision (13) of section 10a-259 shall be deemed to be
173 state-owned real property. As used in this section and section 12-19b,
174 "town" includes borough.

175 (c) In the fiscal year ending June 30, 1991, and in each fiscal year
176 thereafter, the portion of the grant payable to any town as determined
177 in accordance with subdivisions (2) and (4) of subsection (a) of this
178 section, shall not be greater than the following percentage of total tax
179 levied by such town on real property in the preceding calendar year as
180 follows: (1) In the fiscal year ending June 30, 1991, ten per cent, (2) in
181 the fiscal year ending June 30, 1992, twelve per cent, (3) in the fiscal
182 year ending June 30, 1993, fourteen per cent, (4) in the fiscal year
183 ending June 30, 1994, twenty-seven per cent, (5) in the fiscal year
184 ending June 30, 1995, thirty-five per cent, (6) in the fiscal year ending
185 June 30, 1996, forty-two per cent, (7) in the fiscal year ending June 30,
186 1997, forty-nine per cent, (8) in the fiscal year ending June 30, 1998,
187 fifty-six per cent, (9) in the fiscal year ending June 30, 1999, sixty-three
188 per cent, (10) in the fiscal year ending June 30, 2000, seventy per cent,
189 (11) in the fiscal year ending June 30, 2001, seventy-seven per cent, (12)
190 in the fiscal year ending June 30, 2002, eighty-four per cent, (13) in the
191 fiscal year ending June 30, 2003, ninety-two per cent, and (14) in the
192 fiscal year ending June 30, 2004, and in each fiscal year thereafter, one
193 hundred per cent.

194 (d) In the fiscal year commencing July 1, 1999, and in each fiscal
195 year thereafter, the Commissioner of Transportation shall pay from the
196 Bradley International Airport Enterprise Fund to the State
197 Comptroller, on or before September fifteenth, the portion of the state
198 grant in lieu of taxes payable under the provisions of this section at the
199 rate of twenty per cent of the property taxes which would have been
200 paid to the towns of East Granby, Suffield, Windsor and Windsor
201 Locks for real property located at Bradley International Airport. Such
202 payment shall be credited to the appropriation from the General Fund
203 for reimbursements to towns for loss of taxes on state property.

204 (e) Notwithstanding the provisions of this section in effect prior to
205 January 1, 1997, any grant in lieu of taxes on state-owned real property
206 made to any town in excess of seven and one-half per cent of the total
207 tax levied on real property by such town is validated.

208 (f) Notwithstanding the provisions of this section, in a municipality
209 that is a targeted municipality, as defined in section 32-222, for the
210 fiscal year ending June 30, 2006, and each fiscal year thereafter, the
211 amount of the grant provided pursuant to subdivisions (2), (4) and (5)
212 of subsection (a) of this section shall be one hundred per cent of the
213 property taxes which would have been paid with respect to all other
214 state-owned real property.

215 Sec. 6. Section 12-20a of the general statutes is repealed and the
216 following is substituted in lieu thereof (*Effective October 1, 2005, and*
217 *applicable to assessment years commencing on or after October 1, 2005*):

218 (a) On or before January first, annually, the Secretary of the Office of
219 Policy and Management shall determine the amount due to each
220 municipality in the state, in accordance with this section, as a state
221 grant in lieu of taxes with respect to real property owned by any
222 private nonprofit institution of higher learning or any nonprofit
223 general hospital facility or free standing chronic disease hospital or an
224 urgent care facility that operates for at least twelve hours a day and
225 that had been the location of a nonprofit general hospital for at least a
226 portion of calendar year 1996 to receive payments in lieu of taxes for
227 such property, exclusive of any such facility operated by the federal
228 government, except a campus of the United States Department of
229 Veterans Affairs Connecticut Healthcare Systems, or the state of
230 Connecticut or any subdivision thereof. As used in this section "private
231 nonprofit institution of higher learning" means any such institution, as
232 defined in subsection (a) of section 10a-34, or any independent college
233 or university, as defined in section 10a-37, that is engaged primarily in
234 education beyond the high school level, and offers courses of
235 instruction for which college or university-level credit may be given or
236 may be received by transfer, the property of which is exempt from
237 property tax under any of the subdivisions of section 12-81; "nonprofit
238 general hospital facility" means any such facility which is used
239 primarily for the purpose of general medical care and treatment,
240 exclusive of any hospital facility used primarily for the care and

241 treatment of special types of disease or physical or mental conditions;
242 and "free standing chronic disease hospital" means a facility which
243 provides for the care and treatment of chronic diseases, excluding any
244 such facility having an ownership affiliation with and operated in the
245 same location as a chronic and convalescent nursing home.

246 (b) The grant payable to any municipality under the provisions of
247 this section in the state fiscal year commencing July 1, 1999, and in
248 each fiscal year thereafter, shall be equal to seventy-seven per cent of
249 the property taxes which, except for any exemption applicable to any
250 such institution of higher education or general hospital facility under
251 the provisions of section 12-81, would have been paid with respect to
252 such exempt real property on the assessment list in such municipality
253 for the assessment date two years prior to the commencement of the
254 state fiscal year in which such grant is payable. Notwithstanding the
255 provisions of this section, in a municipality that is a targeted
256 municipality, as defined in section 32-222, for the state fiscal year
257 commencing July 1, 2006, and each fiscal year thereafter, the amount of
258 the grant shall be one hundred per cent of the property taxes which
259 would have been paid with respect to such property. The amount of
260 the grant payable to each municipality in any year in accordance with
261 this section shall be reduced proportionately in the event that the total
262 of such grants in such year exceeds the amount appropriated for the
263 purposes of this section with respect to such year.

264 (c) Notwithstanding the provisions of subsection (b) of this section,
265 the amount of the grant payable to any municipality under the
266 provisions of this section with respect to a campus of the United States
267 Department of Veterans Affairs Connecticut Healthcare Systems shall
268 be as follows: (1) For the fiscal year ending June 30, 2007, twenty per
269 cent of the amount payable in accordance with [said] subsection (b) of
270 this section; (2) for the fiscal year ending June 30, 2008, forty per cent of
271 such amount; (3) for the fiscal year ending June 30, 2009, sixty per cent
272 of such amount; (4) for the fiscal year ending June 30, 2010, eighty per
273 cent of such amount; (5) for the fiscal year ending June 30, 2011, and

274 each fiscal year thereafter, one hundred per cent of such amount.

275 (d) As used in this section and section 12-20b, [the word]
276 "municipality" means any town, consolidated town and city,
277 consolidated town and borough, borough, district, as defined in
278 section 7-324, and any city not consolidated with a town.

279 Sec. 7. Section 12-94b of the general statutes is repealed and the
280 following is substituted in lieu thereof (*Effective July 1, 2005, and*
281 *applicable to assessment years commencing on or after October 1, 2005*):

282 On or before March fifteenth, annually, commencing March 15,
283 1998, the assessor or board of assessors of each municipality shall
284 certify to the Secretary of the Office of Policy and Management, on a
285 form furnished by said secretary, the amount of exemptions approved
286 under the provisions of subdivisions (72) and (74) of section 12-81
287 together with such supporting information as said secretary may
288 require including the number of taxpayers with approved claims
289 under said subdivisions (72) and (74) and the original copy of the
290 applications filed by them. Said secretary shall review each such claim
291 as provided in section 12-120b. Not later than December first next
292 succeeding the conclusion of the assessment year for which the
293 assessor approved such exemption, the secretary shall notify each
294 claimant of the modification or denial of the claimant's exemption, in
295 accordance with the procedure set forth in section 12-120b. Any
296 claimant aggrieved by the results of the secretary's review shall have
297 the rights of appeal as set forth in section 12-120b. With respect to
298 property first approved for exemption under the provisions of
299 subdivisions (72) and (74) of section 12-81 for the assessment years
300 commencing on or after October 1, 2000, but before October 1, 2006,
301 the grant payable for such property to any municipality under the
302 provisions of this section shall be equal to eighty per cent of the
303 property taxes which, except for the exemption under the provisions of
304 subdivisions (72) and (74) of section 12-81, would have been paid.
305 Notwithstanding the provisions of this section, in a municipality that is

306 a targeted municipality, as defined in section 32-222, for assessment
 307 years commencing on and after October 1, 2006, the amount of the
 308 grant shall be equal to one hundred per cent of the property taxes
 309 which would have been paid. The secretary shall, on or before
 310 December fifteenth, annually, certify to the Comptroller the amount
 311 due each municipality under the provisions of this section, including
 312 any modification of such claim made prior to December first, and the
 313 Comptroller shall draw an order on the Treasurer on or before the
 314 twenty-fourth day of December following and the Treasurer shall pay
 315 the amount thereof to such municipality on or before the thirty-first
 316 day of December following. If any modification is made as the result of
 317 the provisions of this section on or after the December fifteenth
 318 following the date on which the assessor has provided the amount of
 319 the exemption in question, any adjustments to the amount due to any
 320 municipality for the period for which such modification was made
 321 shall be made in the next payment the Treasurer shall make to such
 322 municipality pursuant to this section. The amount of the grant payable
 323 to each municipality in any year in accordance with this section shall
 324 be reduced proportionately in the event that the total of such grants in
 325 such year exceeds the amount appropriated for the purposes of this
 326 section with respect to such year. As used in this section,
 327 "municipality" means each town, city, borough, consolidated town and
 328 city and consolidated town and borough and each district, as defined
 329 in section 7-324, and next succeeding" means the second such date.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	New section
Sec. 2	<i>July 1, 2005, and applicable to income years commencing on or after January 1, 2005</i>	New section
Sec. 3	<i>July 1, 2005</i>	New section
Sec. 4	<i>July 1, 2005</i>	New section

Sec. 5	<i>October 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-19a
Sec. 6	<i>October 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-20a
Sec. 7	<i>July 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-94b

Statement of Purpose:

To establish a comprehensive program of financial and technical assistance to small businesses and municipalities that are targeted investment communities.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]